

**CARROLL COUNTY EMERGENCY
COMMUNICATIONS DISTRICT**

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

JUNE 30, 2009



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**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
ROSTER OF BOARD MEMBERS AND MANAGEMENT OFFICIALS
JUNE 30, 2009**

BOARD MEMBERS

Danny Brawner	Chairman
John Mann	Vice Chairman
Larry Elliott	Treasurer
Beth Sisson	Secretary
Doug Pruitt	Member
Billy J. Smith	Member
James Bolin	Member
Terry Bradshaw	Member
Janice Newman	Member

MANAGEMENT OFFICIALS

Tressia Barksdale	Director
Kathy Rawls	Administrative Assistant

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Carroll County Emergency Communications District, we offer readers of the District's financial statements this narrative overview and analysis of the District's performance during the fiscal year ending June 30, 2009. Please read it in conjunction with the District's financial statements, which follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report includes this management's discussion and analysis report, the independent auditor's report and the basic financial statements of the District. The financial statements also include notes that explain in more detail some of the information in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements of the District report information of the District using accounting methods similar to those used by private sector companies. These statements offer both short-term and long-term information about its activities. The statement of net assets includes all of the District's assets and liabilities and provides information about where the District has invested its resources (assets) and the obligation to the District's creditors (liabilities).

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Fund Net Assets. This statement measures the success of the District's operations over the past year and can be used to determine whether the District has successfully recovered all its costs through surcharges and fees.

The final required financial statement is the Statement of Cash Flows. The statement reports cash receipts, cash payments, and net changes in cash resulting from operations, investing, and financing activities and provides answers to such questions as where did cash come from, what was cash used for, and what was the change in the cash balance during the reporting period.

FINANCIAL ANALYSIS OF THE DISTRICT

One of the most important questions asked about the District's finances is "Is the District better off or worse as a result of this year's activities?" The Statement of Net Assets and the Statement of Revenues, Expenses, and Changes in Net Assets report information about the District's activities in a way that will help answer this question. These two statements report the net assets of the District and the changes in them. One can think of the District's net assets – the difference between assets and liabilities – as one way to measure financial health or financial position. Over time, increases or decreases in the District's net assets are one indicator of whether its financial health is improving or deteriorating. A summary of the District's net assets and changes in them is presented on the following page.

SUMMARIZED FINANCIAL INFORMATION

	NET ASSETS		Dollar Change	Percentage Change
	2009	2008		
Current assets	\$ 801,205	\$ 838,961	\$ (37,756)	-4.5%
Capital assets	588,527	291,235	297,292	102.1%
Other assets	50	50	-	0.0%
Total Assets	1,389,782	1,130,246	259,536	23.0%
Current liabilities	233,234	5,255	227,979	4338.3%
Long-term debt	-	-	-	-
Total liabilities	233,234	5,255	227,979	4338.3%
Net assets	\$ 1,156,548	\$ 1,124,991	\$ 31,557	2.8%
Summary of net assets				
Invested in capital assets, net of debt	588,528	291,235	297,293	102.1%
Unrestricted net assets	568,020	833,756	(265,736)	-31.9%
	\$ 1,156,548	\$ 1,124,991	\$ 31,557	2.8%
CHANGES IN NET ASSETS				
Revenues	\$ 288,717	\$ 298,469	\$ (9,752)	-3.3%
Operating expenses	291,636	247,321	44,315	17.9%
Operating income (loss)	(2,919)	51,148	(54,067)	-105.7%
Nonoperating revenues (expenses)	34,476	101,318	(66,842)	-66.0%
Changes in net assets	31,557	152,466	(120,909)	-79.3%
Net assets				
Beginning	1,124,991	972,525	152,466	
Prior period adjustment	-	-	-	
Ending	\$ 1,156,548	\$ 1,124,991	\$ 31,557	2.8%

ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATIONS

As can be seen from the summarized financial information on the previous page, the District's current assets have decreased \$37,756 during the year ended June 30, 2009 and net capital assets increased \$297,292. The decrease in the District's current assets was mainly due to the purchase of new equipment, which also explains the increase in net capital assets. All the new equipment was purchased from funds on hand and required no borrowing. Net assets increased by \$259,536.

The District's emergency telephone service charges revenue decreased \$9,502. The state shared wireless revenues decreased by an amount of \$3,004. In addition, the District also received operational funding in the amount of \$86,169, which was the same as the prior year. During the current year the District received \$2,754 in adjoining county charges, as compared to zero the prior year. The result of these changes is an overall decrease in operating revenues of \$9,752. The District received \$11,000 in grants and reimbursements from the State Emergency Communications Board. There was one grant, a GIS Mapping Grant in the amount of \$10,000. There was one reimbursement, a Dispatcher Training Reimbursement in the amount of \$1,000 and \$23,476 in interest.

The operating expenses for the District increased by 17.9% or \$44,315. The increase in operating expenses is due to increases in salaries and wages, employee benefits, depreciation, and also the training expenses. The training expenses had the largest increase over the prior year. This increase is due to the Dispatcher Training Program.

BUDGETARY HIGHLIGHTS

The District adopts an annual operating budget, which includes proposed expenses and the means for paying for those expenses. As conditions change during the year, the budget may be amended to prevent budget overruns.

Income from residential and business phone lines decreased during the year. The actual residential and business phone line revenues were \$5,916 less than the amount budgeted. The state shared wireless revenue were \$11,710 above the amount budgeted. Also, the State Emergency Communications Board forwarded \$86,169 of operational funding, which is equal to the amount budgeted. The overall revenues were \$404 less than budgeted.

All line item expenditures of the District show favorable variances when comparing the budgeted amounts with the actual amounts. The largest variance between actual expenditures and budgeted expenditures was \$2,550 for fees paid for maintenance agreements. The salaries and wages have a favorable variance of \$721. Employee benefits are favorable by \$205. Contracted services, supplies and materials, and other charges are all favorable. Those variances are \$5,825, \$1,571, and \$4,365 respectively. The overall effect of the variances of actual revenues and expenditures and budgeted revenues and expenditures is \$5,014.

CAPITAL ASSETS

The District's investment in capital assets amounts to \$751,961 with accumulated depreciation of \$163,434. Capital assets include buildings and improvements, communications equipment, office equipment, and a vehicle. In the current year there was an increase in capital assets of \$336,388. These funds were used to purchase communications equipment.

ECONOMIC FACTORS AND FUTURE NEEDS

The economic factors for the Carroll County Emergency Communications District are the decreasing use of landlines telephones. Many individuals now use cell phones or VOIP services instead of residential landline services. While the increase in cell phone and VOIP services is generating revenue, only a portion of that revenue is being returned to each 911 district under the current system being used by the state for distributing shared wireless fees. Also, the number of individuals who change their service providers during a given year, in addition to the continual emergence and departure of telephone service providers; it is extremely difficult to estimate revenues for budgeting purposes.

The funding provided by state grants and reimbursement programs has also become a major economic factor for the District. The District's ability to obtain funding from the various grants and reimbursement programs is a key factor in the District's ability to acquire and maintain equipment to continue operating the District efficiently and effectively.

This financial report is designed to provide the readers with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional information, contact:

Carroll County Emergency Communications District
101 Dillahunt Lane
Huntingdon, Tennessee 38344
(731) 986-8911

FINANCIAL SECTION

JOHN R. REESE

CERTIFIED PUBLIC ACCOUNTANT
PERSONAL FINANCIAL SPECIALIST



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PLANNING SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Carroll County Emergency Communications District
Huntingdon, Tennessee

We have audited the accompanying statement of net assets of the Carroll County Emergency Communications District, a component unit of Carroll County, Tennessee, as of June 30, 2009, and the related statement of revenues, expenses and changes in fund net assets, and statement of cash flows for the year then ended, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the Carroll County Emergency Communications District, and are not intended to present fairly the financial position of Carroll County, Tennessee, and the results of operations and cash flows of its proprietary fund types in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the business-type activities of the Carroll County Emergency Communications District as of June 30, 2009, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 21, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 2 through 5 and the required supplementary information on page 17, are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Carroll County Emergency Communications District's basic financial statements. The budgetary comparison schedule, schedule of detailed expenses, the schedule of information required by the Tennessee Emergency Communications Board, and schedule of expenditures of state awards are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information, except that which is marked "unaudited", on which we express no opinion, has been subjected to the auditing procedures applied to the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

John R. Reese, CPA

January 21, 2010

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF NET ASSETS
JUNE 30, 2009

Current Assets

Cash in Bank - Operating	\$ 122,964
Cash in Bank - Edward Jones Money Market	357,704
Investment - Certificate of Deposit	270,000
Accrued interest receivable	6,537
Accounts receivable	43,430
Prepaid Expenses	570
Total Current Assets	<u>801,205</u>

Noncurrent Assets

Capital assets	
Buildings and improvements	102,354
Office equipment	22,005
Communications equipment	606,417
Vehicles	21,185
	<u>751,961</u>
Less accumulated depreciation	(163,434)
Total Noncurrent Assets	<u>588,527</u>

Other Assets

Meter Deposits	<u>50</u>
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Total Assets	<u><u>\$1,389,782</u></u>
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Liabilities and Net Assets

Current Liabilities

Accounts payable	230,823
Payroll Deduction Payable	851
Backup Withholding	1,200
Other Current Liabilities	360
Total Current Liabilities	<u>233,234</u>

Total Liabilities	<u>233,234</u>
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Net Assets

Invested in capital assets	588,528
Unrestricted	568,020
Total Net Assets	<u>1,156,548</u>

Total Liabilities and Net Assets	<u><u>\$1,389,782</u></u>
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See accompanying notes to the financial statements.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

Operating Revenues:

Emergency telephone service charges	\$ 130,084
State Emergency Communications Board - shared wireless charge	69,710
State Emergency Communications Board - operational funding	86,169
Adjoining County Charge	<u>2,754</u>
Total Operating Revenues	<u>288,717</u>

Operating Expenses:

Salaries and wages	97,166
Employee benefits	42,373
Contracted services	57,608
Supplies and materials	8,529
Other charges	46,865
Depreciation	<u>39,095</u>
Total Operating Expenses	<u>291,636</u>

Operating Income (Loss)	<u>(2,919)</u>
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Nonoperating Revenues (Expenses)

Interest income	23,476
State Emergency Communications Board - Grants & Reimbursements	<u>11,000</u>
Net Nonoperating Revenues (Expenses)	<u>34,476</u>

Income Before Contributions and Transfers	31,557
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Transfers	<u>-</u>
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Change in Net Assets	31,557
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Total Net Assets at Beginning of Year	<u>1,124,991</u>
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Total Net Assets at End of Year	<u><u>\$1,156,548</u></u>
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See accompanying notes to the financial statements.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2009**

Cash Flows from Operating Activities

Cash received from customers	\$ 270,514
Cash paid to suppliers	114,519
Cash paid to employees	(97,166)
Cash paid for employee benefits	(42,485)
Net Cash Provided by Operating Activities	<u>245,382</u>

Cash Flows from Capital and Related Financing Activities

Proceeds from GIS maintenance grant - State Emerg. Comm. Board	10,000
Proceeds from Dispatcher training reimbursement - State Emerg. Comm. Board	1,000
Purchases of capital assets	(336,387)
Net Cash Provided (Used) for Capital and Related Financing Activities	<u>(325,387)</u>

Cash Flows from Investing Activities

Cash received from interest income	20,652
(Increase) decrease in investments	255,129
Net Cash Provided (Used) by Investing Activities	<u>275,781</u>

Net Increase in Cash and Cash Equivalents	195,776
Cash and Cash Equivalents at Beginning of Year	284,892
Cash and Cash Equivalents at End of Year	<u>\$ 480,668</u>

**Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)
by Operating Activities**

Operating income (loss)	\$ (2,919)
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**Adjustments to Reconcile Operating Income to Net Cash Provided (Used)
by Operating Activities**

Depreciation expense	39,095
(Increase) decrease in accounts receivable	(18,203)
(Increase) decrease in prepaid expenses	(570)
Increase (decrease) in accounts payable	228,091
Increase (decrease) in payroll deduction payable	(493)
Increase (decrease) in backup withholding	223
Increase (decrease) in other current liabilities	158
Net Cash Provided (Used) by Operating Activities	<u>\$ 245,382</u>

See accompanying notes to the financial statements.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

NOTE 1 – Significant Accounting Policies

A. Reporting Entity

The Carroll County Emergency Communications District was created by the legislative body of Carroll County, Tennessee, to be an emergency communications district as defined by Tennessee state law. As such, it is considered to be a “municipality” or public corporation in perpetuity under its corporate name and shall be a body politic and corporate power of perpetual succession, but without power to levy or collect taxes. All Tennessee emergency communications districts are required to follow the *Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts*, developed by the Office of the Comptroller of the Treasury, Division of County Audit, pursuant to Section 7-86-304, *Tennessee Code Annotated*.

In evaluating how to define the Carroll County Emergency Communications District for financial reporting purposes, management has considered whether the District is a primary government. The decision to be included as a component unit of another reporting entity is made by applying the criteria set forth in the Governmental Accounting Standards Board Statement 14, *The Financial Reporting Entity*. The District must obtain the approval of the Carroll County Commission before issuance of most debt instruments. The county has determined that this constitutes fiscal dependency by the District, and has, therefore, included the District as a component unit of Carroll County.

The District is deemed to be a municipality under Tennessee state law and, as such, is exempt from federal income taxes.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Carroll County Emergency Communications District accounts for its financial position and results of operations in accordance with generally accepted accounting principles as defined in the Statements of Governmental Accounting Standards Board (GASB). Generally accepted accounting principles for proprietary fund types are those applicable to similar businesses in the private sector, and the measurement focus is on the determination of net income, financial position, and cash flows. Proprietary fund types are accounted for on the accrual basis, whereby income is recognized as it is earned and expenses are recognized as they are incurred, whether or not cash is received or paid out at that time. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. GASB Statement No. 20 gives governments the option of applying all Financial Accounting Standards Board (FASB) statements and interpretations issued after November 30, 1989, to its proprietary funds, unless they conflict with or contradict GASB pronouncements. The Office of the Comptroller of the Treasury requires Tennessee emergency communications districts not to implement FASB statements and interpretations issued thereafter, unless they are adopted by GASB.

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

The District's Board of Directors approves an appropriatory budget annually. The budget is prepared on a basis which differs from generally accepted accounting principles (GAAP) pertaining to proprietary funds, in that capital expenditures are budgeted as operating expenses rather than being capitalized as fixed assets and expenses are on the cash basis rather than the accrual basis. It is only necessary to present budgetary revenues and expenses compared to actual. The legal level of control is at each line item of expense; therefore, each line item must be amended prior to expending funds.

C. Assets, Liabilities, and Net Assets

Deposits and investments

For purposes of the statement of net assets and the statement of cash flows, Carroll County Emergency Communications District considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

State statutes authorize the System to invest in certificates of deposit, obligations of the U.S. Treasury, agencies and instrumentalities, obligations by the U.S. government or its agencies, repurchase agreements, as approved by the state director of local finance, and the state's local government pool.

Accounts receivable

Accounts receivable represent amounts due from various phone companies for emergency telephone surcharges and monthly reimbursable wireless fees.

Capital Assets

All capital assets are valued at historical cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from 5 to 40 years. Interest costs incurred on financing during the construction or installation period of capital assets are capitalized as part of the cost of the assets. For the year under review, there were no interest costs capitalized.

Compensated absences

Employees are entitled to paid vacation based on term of employment and other factors. Full-time employees with fewer than five years of service are given ten days of vacation each year, awarded on their hire date. After five years of service, employees are given twelve days of vacation, and after ten years of service, they are given fifteen days of vacation. Employees may accumulate up to thirty days of vacation. At the end of each year, employees may carry-over any unused vacation leave to the next year, not to exceed thirty work days. The cost of accumulated vacation is immaterial; thus no accrual has been recorded in the financial statements.

Full-time employees shall accrue sick leave at a rate of one day per month worked. Sick leave can be accumulated up to sixty days. At the end of the calendar year any remaining sick leave may be transferred to the next year, not to exceed a maximum of sixty days. In the event of separation, all unused sick days shall be forfeited.

It is the District's practice to expense these costs when paid to the employees.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

Net assets

Equity is classified as net assets. Net assets are categorized as invested in capital assets (net of related debt), restricted, and unrestricted.

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted – This component of net assets consists of constraints placed on net assets use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net assets – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt”.

NOTE 2 – Detailed Notes on Accounts

A. Deposits and investments

The Utility has implemented GASB Statement No. 40, *Deposit and Investment Risk Disclosures* for financial reporting of deposit risk.

Custodial Credit Risk – The Utility's policies limit investments to those instruments allowed by applicable state laws as described in Note 1. State statute requires that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance of the Tennessee Bank Collateral Pool, by collateral held by the Utility's agent in the Utility's name, or by the Federal Reserve Banks acting as third party agents. As of June 30, 2009 and 2008, all bank deposits were fully collateralized or insured.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

B. Capital assets

Capital asset activity during the year was as follows:

	Balance at June 30, 2008	Additions	Disposals	Balance at June 30, 2009
Capital Assets being depreciated				
Buildings and improvements	\$ 101,957	397	-	102,354
Office equipment	22,005	-	-	22,005
Communications equipment	270,427	335,990	-	606,417
Vehicles	21,185	-	-	21,185
Total capital assets being depreciated	<u>415,574</u>	<u>336,387</u>	<u>-</u>	<u>751,961</u>
Less accumulated depreciation				
Buildings and improvements	26,633	5,828	-	32,461
Office equipment	17,026	1,672	-	18,698
Communications equipment	63,026	28,064	-	91,090
Vehicles	17,654	3,531	-	21,185
Total accumulated depreciation	<u>124,339</u>	<u>39,095</u>	<u>-</u>	<u>163,434</u>
Total capital assets, net	<u>\$ 291,235</u>	<u>\$ 297,292</u>	<u>\$ -</u>	<u>\$ 588,527</u>

NOTE 3 – Other Information

A. Risk Management

The District is exposed to various risks related to general and public official's liability, property and casualty losses and workers' compensation. To cover these risks, the District has purchased insurance policies to provide coverage for these risks. The District pays annual premiums for its insurance coverage. There were no settlements in any of the prior three years in excess of insurance coverage.

B. Unemployment Taxes

Effective with the beginning of operations, the Carroll County Emergency Communications District agreed with the Tennessee Department of Labor and Workforce Development to be a reimbursing employer. Under this agreement, the District elected to reimburse the Department for all disbursements made on valid claims for unemployment insurance charged to the District during the effective period of the election. Thus far, there have not been any claims filed.

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009**

C. Employee's Retirement Plan

Plan Description

Employees of the Carroll County Emergency 911 District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979 become vested after five years of service and member joining prior to July 1, 1979 were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapter 34-37 of the *Tennessee Code Annotated* (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Carroll County 911 Emergency District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to Tennessee Treasury Department, Consolidated Retirement System, 10th Floor Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Carroll County 911 Emergency District requires employees to contribute 5.0 percent of earnable compensation.

Carroll County 911 Emergency District is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2009 was 21.61% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirements for Carroll County 911 Emergency District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2009, Carroll County 911 Emergency District's annual pension cost of \$13,865 to TCRS was equal to Carroll County 911 Emergency District's required and actual contributions. The required contribution was determined as part of the July 1, 2007 actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post retirement increases of 3.0 percent annually.

CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2009

The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Carroll County 911 Emergency District's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2007 was 14 years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

<u>Fiscal Year</u> <u>Ending</u>	<u>Annual Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
June 30, 2009	\$13,865	100.00%	\$0.00
June 30, 2008	\$13,242	100.00%	\$0.00
June 30, 2007	\$12,798	100.00%	\$0.00

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 84.31% percent funded. The actuarial accrued liability for benefits was \$0.10 million, and the actuarial value of assets was \$0.08 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$0.02 million. The covered payroll (annual payroll of active employees covered by the plan) was \$0 million, and the ratio of the UAAL to the covered payroll was 27.12% percent.

The schedules of funding progress, presented as required supplementary information (RSI) following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the AALs for benefits.

The annual required contribution (ARC) was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u> </u>	<u>(a)</u>	<u>(b)</u>	<u>(b) - (a)</u>	<u>(a/b)</u>	<u>(c)</u>	<u> </u>
7/1/2007	\$86	\$102	\$16	84.31%	\$59	27.12%

REQUIRED SUPPLEMENTARY INFORMATION

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF FUNDING PROGRESS
EMPLOYEE RETIREMENT SYSTEM**

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll ((b-a)/c)
	(a)	(b)	(b) - (a)	(a/b)	(c)	((b-a)/c)
7/1/2007	86	102	16	84.31%	59	27.12%

The governmental Accounting Standards Board (GASB) requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the Entry Age actuarial cost method was a change made during the year and therefore only the most current year is presented.

See independent auditors' report

OTHER SUPPLEMENTARY INFORMATION

**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

Salaries and Wages

Salary - Director	\$ 35,504
Salary - Administrative Personnel	28,662
Salary - Dispatchers	33,000
	<u>97,166</u>

Employee Benefits

Social security	4,172
Medicare	976
Life insurance	1,496
Medical insurance	19,950
Disability insurance	1,835
Retirement contributions	13,944
	<u>42,373</u>

Contracted Services

Addressing/mapping	5,169
Audit services	3,050
Accounting services	4,440
Fees paid to service providers	21,910
Legal services	2,400
Maintenance agreements	12,693
Pest control	175
R&M - communications equipment	1,040
R&M - buildings and facilities	3,549
R&M - office equipment	1,020
R&M - vehicles	209
Fuel - vehicles	1,305
Lawn care and maintenance	648
	<u>57,608</u>

Supplies and Materials

Office supplies	1,790
Postage	337
Uniforms and shirts	400
Utilities - electric	1,025
Utilities - water	487
Utilities - telephone	3,963
Utilities - cell phones and pagers	527
	<u>8,529</u>

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**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF DETAILED EXPENSES
FOR THE YEAR ENDED JUNE 30, 2009**

Other Charges

Bank Charges	15
Board meeting expense	1,602
Dues and memberships	371
Insurance - liability	1,241
Insurance - buildings and contents	2,797
Insurance - equipment	2,448
Insurance - vehicles	1,079
Premiums on surety bonds	1,126
Public education	2,979
Service awards	25
Training expense	21,678
Travel expense	5,241
Internet charges	983
Reimbursable wireless fees	5,280
	<u>46,865</u>

Depreciation	<u>39,095</u>
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Total Operating Expenses	<u><u>\$ 291,636</u></u>
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**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			<u>Variance with Final Budget - Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Amended</u>	<u>Actual</u>	
Operating Revenues				
Emergency telephone service charges	\$ 136,000	\$ 136,000	\$ 130,084	\$ (5,916)
State Emergency Communications Board - shared wireless charge	58,000	58,000	69,710	11,710
Adjoining County Charges	3,672	3,672	2,754	(918)
State Emergency Communications Board - reimbursement	5,280	5,280	-	(5,280)
State Emergency Communications Board - operational funding	86,169	86,169	86,169	-
Total Revenues	<u>289,121</u>	<u>289,121</u>	<u>288,717</u>	<u>(404)</u>
Operating Expenses				
Salaries and Wages	<u>97,887</u>	<u>97,887</u>	<u>97,166</u>	<u>721</u>
Employee Benefits				
Social security	4,022	4,200	4,172	28
Medicare	941	980	976	4
Life Insurance	1,800	1,500	1,496	4
Medical insurance	20,000	20,000	19,950	50
Disability insurance	1,750	1,850	1,835	15
Retirement contributions	14,048	14,048	13,944	104
	<u>42,561</u>	<u>42,578</u>	<u>42,373</u>	<u>205</u>
Contracted Services				
Address/mapping expenses	10,000	6,000	5,169	831
Advertising	-	-	-	-
Audit services	3,050	3,050	3,050	-
Accounting services	4,440	4,440	4,440	-
Fees Paid to Service Providers	27,680	22,000	21,910	90
Janitorial services	2,000	500	-	500
Legal services	2,400	2,400	2,400	-
Maintenance agreements	15,243	15,243	12,693	2,550
Pest Control	260	260	175	85
Repairs - communications equipment	1,000	1,200	1,040	160
Repairs - buildings and facilities	500	3,600	3,549	51
Repairs - office equipment	500	1,200	1,020	180
Repairs - vehicles	3,000	500	209	291
Repairs - internet	540	540	-	540
Fuel - vehicles	-	1,500	1,305	195
Lawn care and maintenance	2,300	1,000	648	352
	<u>72,913</u>	<u>63,433</u>	<u>57,608</u>	<u>5,825</u>

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**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

	Budgeted Amounts		Actual	Final Budget - Favorable (Unfavorable)
	Original	Final		
Supplies and Materials				
Office supplies	1,500	1,800	1,790	10
Postage	400	400	337	63
Small equipment purchases	300	300	-	300
Uniforms and shirts	1,000	1,000	400	600
Utilities - electric	1,800	1,500	1,025	475
Utilities - water	500	500	487	13
Utilities - phone	4,500	4,000	3,963	37
Utilities - cell phone & pager	600	600	527	73
	<u>10,600</u>	<u>10,100</u>	<u>8,529</u>	<u>1,571</u>
Other Charges				
Other Charges	-	-	-	
Bank Charges	50	50	15	35
Board meetings	1,600	1,800	1,602	198
Dues and memberships	350	400	371	29
Insurance - workers comp	550	600	-	600
Insurance - liability	1,300	1,300	1,241	59
Insurance - buildings and contents	2,400	2,800	2,797	3
Insurance - equipment	500	2,500	2,448	52
Insurance - vehicles	1,500	1,100	1,079	21
Premiums on surety bonds	1,100	1,200	1,126	74
Public educations	2,500	3,500	2,979	521
Service awards	300	300	25	275
Training expenses	4,600	22,500	21,678	822
Travel expense	6,000	6,800	5,241	1,559
Internet charges	-	1,100	983	117
Reimbursable wireless fees	5,280	5,280	5,280	-
	<u>28,030</u>	<u>51,230</u>	<u>46,865</u>	<u>4,365</u>
Depreciation	<u>30,000</u>	<u>45,000</u>	<u>39,095</u>	<u>5,905</u>
Total Operating Expenses	<u>281,991</u>	<u>310,228</u>	<u>291,636</u>	<u>18,592</u>
Operating Income (Loss)	<u>7,130</u>	<u>(21,107)</u>	<u>(2,919)</u>	<u>18,188</u>
Nonoperating Revenues (Expenses)				
Interest income	30,650	30,650	23,476	(7,174)
Capital Contributions from State Emergency Communications Baord	10,000	17,000	11,000	(6,000)
Insurance reimbursement	-	-	-	
Total Nonoperating Revenues (Expenses)	<u>40,650</u>	<u>47,650</u>	<u>34,476</u>	<u>(13,174)</u>
Revenues in Excess of Expenses	<u>47,780</u>	<u>26,543</u>	<u>31,557</u>	<u>\$ 5,014</u>
Budgetary Net Assets - Beginning	<u>1,124,991</u>	<u>1,124,991</u>	<u>1,124,991</u>	
Budgetary Net Assets - Ending	<u>\$ 1,172,771</u>	<u>\$ 1,151,534</u>	<u>\$ 1,156,548</u>	

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CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF EXPENDITURES OF STATE AWARDS - UNAUDITED
JUNE 30, 2009

<u>Grantor/Pass-Through Grantor Program Title</u>	<u>Grant Number</u>	<u>Balance July 1, 2008</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Balance June 30, 2009</u>
Department of Commerce and Insurance GIS Maintenance Grant	Z08211911	\$ -	\$ 10,000	\$ 10,000	\$ -
		\$ -	\$ 10,000	\$ 10,000	\$ -

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**CARROLL COUNTY EMERGENCY COMMUNICATIONS DISTRICT
SCHEDULE OF INFORMATION REQUIRED BY THE TENNESSEE
EMERGENCY COMMUNICATIONS BOARD - UNAUDITED
JUNE 30, 2009**

Number of PSAPs (Public safety answering points)	3
Address of each PSAP	Carroll County Sherriff's Department 126 West Paris Huntingdon, TN 38344 McKenzie Police Department 2470 Cedar Street McKenzie, TN 38201 Huntingdon Police Department 12740 Lexington Street Huntingdon, TN 38344
Type of system/equipment	Super enhanced 911, interact CAD, arcview mapping, Zetron ani-ali, stand alone on-site database with Mercom digital logging system. Motorola 5500 consoles
Director of the District	Tressia Barksdale 101 Dillahunty Lane Huntingdon, TN 38344 Phone: (731) 986-8911 Fax: (731) 986-3822
Chairman of the District	Danny Brawner 335 Bennetts Road Huntingdon, TN 38344 Phone: (731) 986-8504

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INTERNAL CONTROL AND COMPLIANCE SECTION

JOHN R. REESE

CERTIFIED PUBLIC ACCOUNTANT

PERSONAL FINANCIAL SPECIALIST



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AICPA PERSONAL FINANCIAL

PLANNING SECTION

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Carroll County Emergency Communications District
Huntingdon, Tennessee

We have audited the financial statements of the Carroll County Emergency Communications District, a component unit of Carroll County, Tennessee, as of and for the year ended June 30, 2009, and have issued our report thereon dated January 21, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Carroll County Emergency Communications District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Carroll County Emergency Communications District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Carroll County Emergency Communications District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Carroll County Emergency Communications District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Carroll County Emergency Communications District's financial statements that is more than inconsequential will not be prevented or detected by the Carroll County Emergency Communications District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Carroll County Emergency Communications District's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Carroll County Emergency Communications District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management and the board of the Emergency Communications District of Carroll County Tennessee and the State of Tennessee, Comptroller Office, Division of County Audit and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

John R. Reese, CPA

January 21, 2010

